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17 April 1962

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CENTRAL INTELLIGENCE BULLETIN



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West Germany: [West German political leaders are [redacted] divided in their reaction to new US pro-

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posals for a Berlin settlement. Christian Democratic Bundestag floor leader Von Brentano and Minister for Special Tasks Krone view them as "unacceptable." At a special meeting of officials and the Bundestag floor leaders on 12 April, Adenauer, showing concern over the sharpness of Brentano's reaction, said he would approach De Gaulle to ask him to oppose the plans, noting that the time had apparently come to "test German-French friendship." Foreign Minister Schroeder, Free Democratic party leader Mende, and Social Democratic party (SPD) leader Ollenhauer, however, appeared to be more sympathetic, and the SPD executive committee has subsequently endorsed the proposals as "the only realistic policy."

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(The German press has given wide coverage to the US proposals without any particular expression of alarm, although two leading newspapers stress Brentano's opposition, asserting his visit to the US beginning 25 April now assumes the character of a "special mission" to express German opposition to some of the proposals. De Gaulle would probably be sympathetic to an appeal by Adenauer. French-German cooperation is the cornerstone of his European policy, and he has frequently argued against any move which could encourage a loosening of West German ties to the West.) [redacted]

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[redacted] (Backup, Page 1)

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Israel-Syria-UN: [The Israeli attitude toward UN procedures for dealing with border tension has hardened as a result of the Security Council's censure of the mid-March reprisal raid against Syria. Foreign Minister Meir has requested the removal of General von Horn, chief of staff of the UN Truce Supervision Organization, because of his "inaccurate statements" to the Security Council. She has also emphasized Israel's conviction that the only answer to Syrian "provocation" is to return the fire. Israel claims that Syrian fishing boats are again operating on Lake Tiberias and that Syrian Army equipment has been seen on the lake shore. The Israelis have returned their patrol boat to the lake and have moved a limited number of tanks and heavy equipment toward the area. US Embassy officials are convinced that the failure of the most recent Israeli raid--in which Von Horn said 1,300-1,500 Israelis participated--will induce them to launch any new operation in greater force. Meanwhile, the ambushing of two Israeli trucks on 11-12 April in southern Israel has raised tension in that area.]

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Congo: [President Kasavubu and Premier Adoula are considering means of dismissing army chief General Joseph Mobutu, according to UN officials in Leopoldville. Ambassador Gullion observed that while Mobutu has shown no animosity toward Adoula, the premier has lately spoken disparagingly of Mobutu. There are also rumors in Leopoldville that Adoula may initiate a cabinet shake-up in the near future.]

[Recent friction between Adoula and Mobutu has stemmed in part from Adoula's frustration over the army's shortcomings, disagreements concerning its retraining and eventual size, and from Mobutu's reported efforts to obtain military advisers from Belgium. Mobutu's dismissal would have repercussions within the army and could damage Adoula's position.]

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USSR: Khrushchev, who is 68 years old today, appears to be in generally fair health, but there are signs that he has begun to slow down. During each of the past three winters, for example, his heavy schedule has left him visibly fatigued and susceptible to respiratory infections, with the result that at least one bout with influenza has become an annual event. He was ill with flu in early January of this year; another virus attack evidently necessitated a postponement of the Supreme Soviet from 10 to 23 April.

The other leaders carry on quietly during Khrushchev's extended absences from Moscow, and as yet there has not been any noticeable increase in political maneuvering within the party presidium in preparation for a succession crisis. Khrushchev gives every indication of being in full command. However, there probably continue to be disagreements within the hierarchy over such questions as the proportion of economic resources that should be devoted to the consumer sector and the pace and extent of liberalization in the wake of renewed attacks against Stalin.

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[] Iran: [] The atmosphere in government and military circles in Tehran has become increasingly tense over rumors that former chief of the Supreme Staff General Hedayat and former Minister of War General Vossuq will be arrested on charges of corruption in negotiations of military contracts. Two generals and two colonels were arrested on 12 April on []

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similar charges. Prime Minister Amini was minister of finance from 1953 to 1955 when the military contracts were being negotiated. The arrests were reportedly ordered by the Shah before he left for the United States. The Shah dislikes Amini and may be laying the groundwork for removing him.

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Common Market - Africa: [The Common Market (EEC) and 16 African countries reached agreement in principle at a three-day meeting last week on the broad outline of a new EEC-African association arrangement to replace the 1957 convention which expires at the end of this year. Major exports of the associated states will be given preferential access to EEC markets, but the degree of preference will be reduced somewhat. EEC financial assistance to the Africans is expected to total about \$800,000,000 over the next five years, although the exact amount and the contribution of each EEC country to the aid fund have not yet been decided. The EEC contemplates no direct reply to the US memorandum of early February which again offers to negotiate alternative arrangements to soften the discriminatory impact of the new EEC-African association on producers in other underdeveloped areas.]

[Last week's meeting did not discuss an extension of the new formula to African states which are not now associated with the EEC, but it was generally agreed that such extension was not precluded. London has already begun consultations with African members of the Commonwealth to point out the advantages to them of EEC association.]

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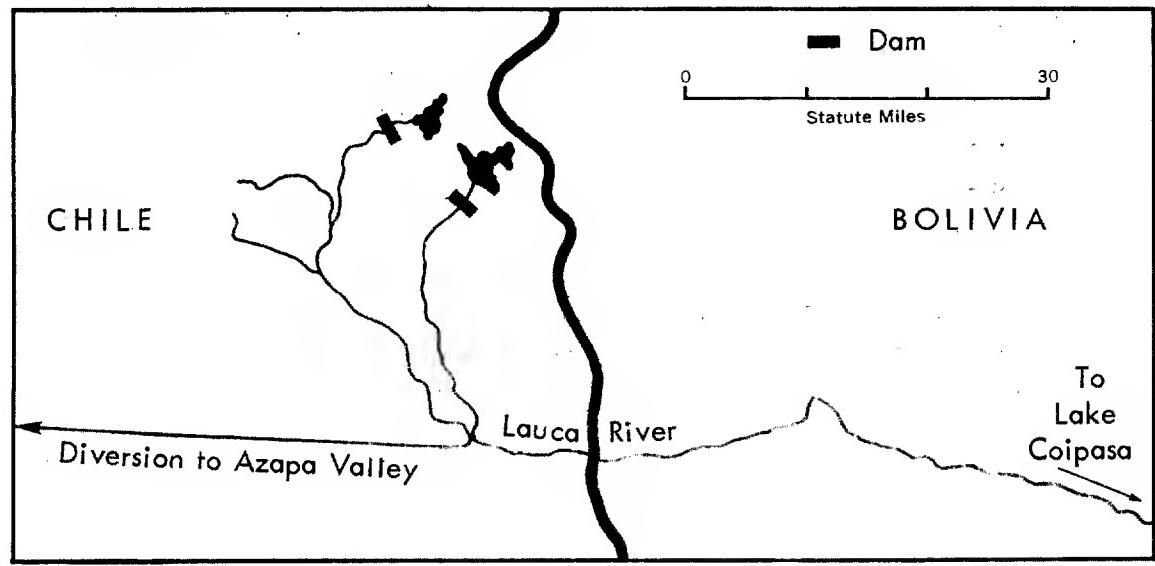
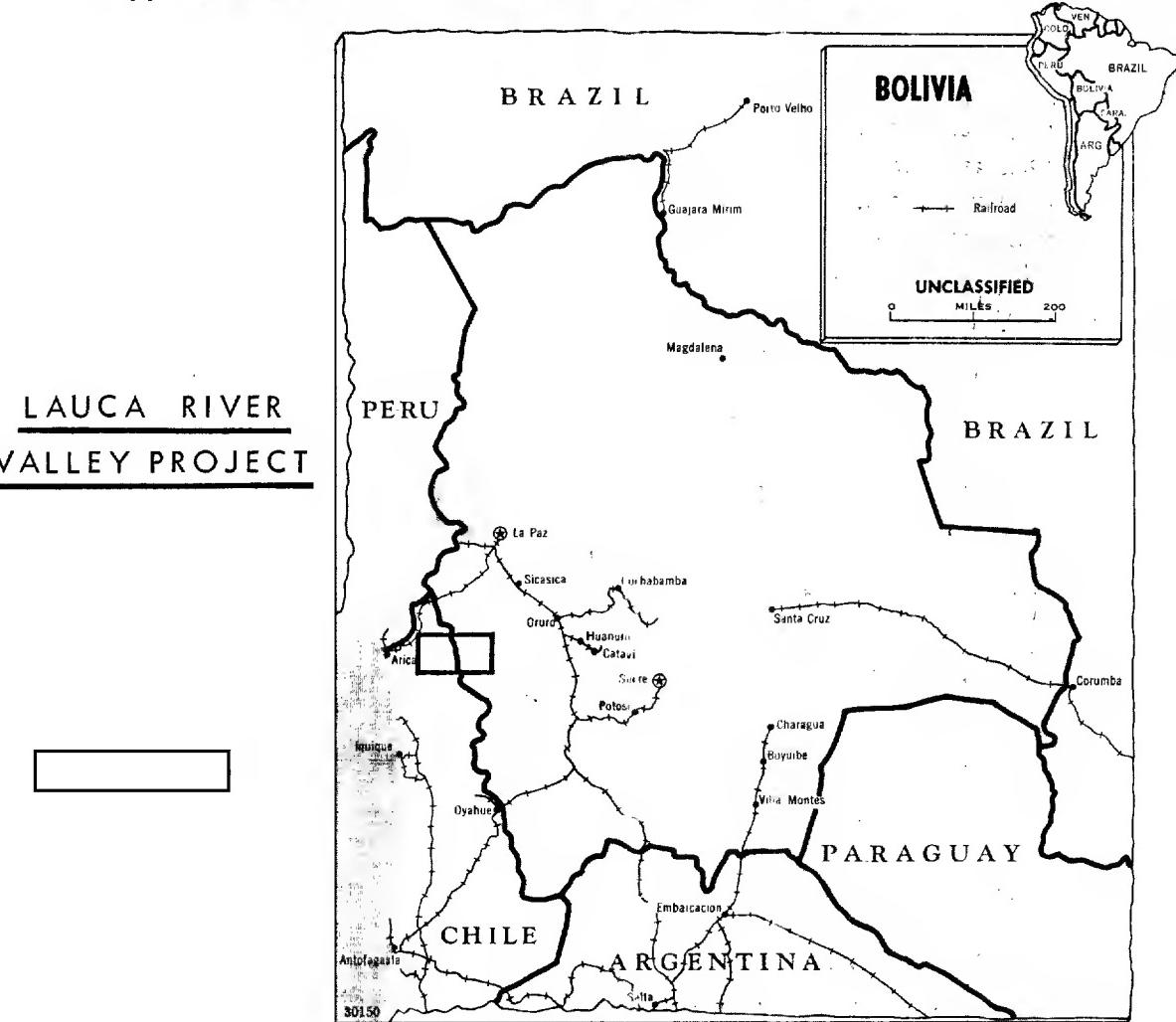
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LAUCA RIVER
VALLEY PROJECT

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Guatemala: [The death of four students following a clash on 12 April with military police has led to new demands for President Ydigoras' resignation. The three anti-Communist opposition parties issued a demand for the President's resignation on 14 April after student leaders, admitting that their efforts against the regime last month were unduly influenced by the Communists, had sought the parties' support. The opposition-controlled municipal council of Guatemala City and several professional groups have joined in the demand. In a speech broadcast late on 15 April, Ydigoras rejected the demands for his resignation but adopted a conciliatory tone and announced that he would soon change the cabinet in the interests of better government during the rest of his term. He also said he now plans to cancel the trip to the US he had planned for late this month and early May.]

[Events since mid-March have weakened Ydigoras' position, and new crises can be expected within the next three months. The military--the final arbiter in Guatemala--are still proclaiming their loyalty to "constitutional order" but in the past have proved ready to turn against a President when they have determined that he has lost popular support.]

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Bolivia-Chile: Bolivia has suspended diplomatic relations with Chile in a dispute over water rights to the Lauca River, and Chile in turn has announced a decision to withdraw its ambassador and embassy staff from La Paz. The Bolivian capital was the scene of anti-Chilean demonstrations yesterday, and police reportedly used tear gas in dispersing several thousand students who tried to storm the Chilean Embassy. Bolivia had taken the water dispute to the Organization of American States on 14 April. Since 1939 the Bolivian authorities have been consulted repeatedly by Chile over its plans for a Lauca River

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irrigation project but raised no objection until the project was ready for testing late last year.

President Paz has encouraged Bolivian agitation on the Lauca River question since December, when large-scale riots, similar to those on 16 April, first occurred at the Chilean Embassy.

Paz' motives may be to promote unity in the badly divided government party. He may also be seeking popular support for a build-up of the army, which is more likely to be loyal to Paz than to his chief opponents in domestic politics.

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***Syria:** The new civilian cabinet announced by President Qudsi yesterday is largely composed of technicians, but has the key defense ministry post held by army commander in chief General Zahr al-Din, head of the military junta which last week persuaded Qudsi to resume the presidency. The cabinet, formed partially as a result of pro-UAR pressures in Syria, has been described by Damascus radio as "transitional," and probably is almost completely army-dominated. New Prime Minister Dr. Bashir al-Azmah has been a professor at the Syrian University Medical School, and was minister of health for the Syrian Region of the UAR from October 1958 to August 1960; he is not known to have any political party affiliation. Leftist pressure for cabinet representation has been recognized by the appointment of pro-Baathist Ahmad Abd al-Karim, a former army colonel, as minister of social affairs, labor, and agrarian reform. Abd al-Karim was a member of the leftist army junta in Syria prior to the 1958 union with Egypt, and subsequently served in the Syrian Region cabinet under the UAR. Several other members of the new cabinet served in technical capacities in cabinets during the UAR period.

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***Communist China:** Peiping has thus far released few details of what went on at the 21-day session of the National People's

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Congress which concluded yesterday, and it apparently hopes to keep most of the proceedings there secret. What has been released suggests that the regime was so embarrassed by its domestic failures that it even withheld details from the congress delegates; although congresses have in the past been called on to give formal approval to the state budget and plan, this time a resolution was passed transferring this task to the congress's Standing Committee.

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Tape recordings of some of the speeches at the congress reportedly are being played for privileged audiences in China, and [redacted] says they contain "a great deal of criticism and self-criticism" for China's economic failures. The summary account released by Peiping of Premier Chou En-lai's remarks on domestic policy indicate that the regime will continue its retreat from exaggerated "leap-forward" economic policies, and that the regime's awareness of widespread popular dissatisfaction has led it to adopt a conciliatory stance toward non-Communist elements of the population.

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Peiping's even briefer account of Chou's remarks on foreign policy included an affirmation of "unswerving" friendship and co-operation with Moscow, but no suggestion whatever of any significant modification of Peiping's position on specific issues in dispute with the USSR. [redacted] (Backup, Page 4)

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West German Views on Berlin

[The new US proposals apparently did not cause a particular stir in the Bonn government until Brentano heard of them on 12 April. [redacted] the former foreign minister became so agitated that he persuaded Adenauer to call a special meeting of the leaders of all three Bundestag parties that afternoon. At the meeting, Brentano called the proposals an intolerable "giveaway" which, Krone added, would "never be accepted in Berlin or West Germany."]

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[They charged that practical control of access was conceded to the East Germans, and that nonaggression declarations would amount to acceptance of the interzonal and Oder-Neisse borders. They also maintained that East German participation in access control, the German technical commissions, and acceptance of the borders amount to recognition of the partition of Germany and the theory of two German states. In talks with American officials in Bonn, Adenauer has contended that the proposed international access authority would leave Berlin access at the mercy of the neutrals.]

[In the early part of the meeting with party leaders, Adenauer reportedly was somewhat evasive as to his position, but under prodding by Brentano began to complain about "US softness and unreliability" and asserted that the United States seemed not to recognize the vital interests of its Allies and to be "unwilling to keep American pledges." With regard to acceptance of the Oder-Neisse frontier, Adenauer said he had agreed with the President that such a sacrifice would be made only if it would lead to progress toward meeting other popular German aspirations--i. e., reunification. Adenauer also said it had been a terrible mistake not to proceed more rapidly with European integration, since it would then have been possible to tell the Americans that all Europe as a body rejected these ideas.] [redacted]

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Israel Requests UNTSO Chief's Removal

[UN Under Secretary Bunche has said that as far as he can determine, this is the first time a written protest against any UNTSO chief of staff has been submitted by either Israel or the Arab states, although he recalled that the Israelis had made oral protests against both of Von Horn's predecessors. Israel's request for Von Horn's removal was made in a letter from Foreign Minister Meir to U Thant. Mrs. Meir asserted that, while occasional disagreements were possible and excusable, no basis for further cooperation between Israel and Von Horn existed because of the "total loss of confidence" which now prevailed.]

[The Israelis were especially annoyed by Von Horn's contention, in his report to the Security Council, that UN observers had found no evidence of a fortified position, "existing or destroyed," in the area that Israel attacked on 16 March. Israel contends that the Syrians provoked the reprisal by firing on Israeli boats from fortified positions. Von Horn admitted privately to members of the American UN delegation that his observers had not seen the entire area in question at the time his report was presented, but that subsequently they had, and that only slit trenches and foxholes were observed.]

[On 10 April the Israeli Knesset, by a 76-3 vote, adopted a resolution categorically rejecting the Security Council's resolution on the recent Lake Tiberias incidents as biased and fostering aggressiveness. It further asserted Israel's inalienable right to self-defense, its unwillingness to submit to aggression, and its determination to preserve its sovereignty in principle and practice over "all its territory and waters." Israel claims sovereignty over all of Lake Tiberias despite the existence of the demilitarized zone--only ten meters wide for half the length of the lake--on the eastern shore. The issue of sovereignty within the zone was left unresolved in the Israeli-Syrian armistice agreement of 1949.]

[The Israelis have become sensitive to any challenge in this area because of their plans to use the lake's waters as part of their]

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Jordan River diversion project. They are tending to identify Syrian shooting with attempts to impede, if not stop, implementation of the project. The probability that the Israelis will respond to future Syrian firing with even greater force is indicated by evidence that the recent Israeli raid did not silence the Syrian positions. Von Horn, in fact, has said the Israelis were decisively beaten and did not come anywhere near their target objective. [redacted]

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Communist China's National People's Congress Closes

According to the summaries released by Peiping, Chou indicated to the congress that economic policy this year will follow the lines laid out in 1961--further consolidation, retrenchment, readjustment, and preparation for future economic progress. But no indication was given as to when the currently depressed economy might be capable of further advances. Two days after Chou made his report, the conservative nature of his remarks was underlined by an authoritative People's Daily editorial which called for realism in economic planning, observed that "haste will not succeed," and stated that "we reject the theory of a quick victory... a desire to get things done cheaply and by empty talk!" Thus, despite the ritualistic nod which Chou made toward the "three red banners of the general line, the leap forward, and the people's communes," these programs no longer have substantive significance.

Chou put great stress on improving the regime's relations with such disparate groups within China as the national minorities, "patriotic capitalists," the bourgeois intelligentsia, and religious bodies. The regime probably considers it prudent to relax restrictions on non-Communists during the protracted economic crisis in an effort to gain wider public support. In this connection, Chou stated that the regime will continue through 1966, and possibly longer, to pay capitalists interest on their confiscated holdings, although such payments could have been ended this year under Peiping's original schedule. Intellectuals are also to receive more favorable treatment; Chou asserted that most Chinese intellectuals are now loyal to Peiping and must be allowed increased responsibility. Prior to the congress, Vice Premier Chen Yi had toured various parts of the country speaking in a similar vein, telling intellectuals they will now be judged by professional quality rather than political fervor.

On the subject of Sino-Soviet relations, Chou indicated that the Chinese still see their concept of the "east wind prevailing over the

"west" as the basis for correct Communist tactics toward the West, despite Moscow's displeasure with this formulation. While affirming for the record Peiping's support for negotiations and peaceful coexistence with the West, Chou urged a strategy which would give priority to armed revolution in colonial and underdeveloped areas of the world. Chou's insistence on these points is a further indication that while Peiping and Moscow have evidently been making some efforts to give an appearance of unity, they hold fast to their respective views in their dispute.

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